

ASX Announcement and Media Release

12 February 2019

KALAMAZOO COMPLETES SALE OF W.A. GOLD PROJECT FOR \$7.0 MILLION

Highlights

- Kalamazoo has completed the \$7.0 million sale of the Snake Well Gold Project in Western Australia to Adaman Resources¹
- \$7.0 million sale proceeds payable over 24 months and will fund Kalamazoo's aggressive exploration and drilling program at its Wattle Gully Gold Project, at Castlemaine in Victoria, its Cork Tree Copper Project and its Pilbara gold tenements in WA
- First two payments totalling \$1.5 million have been paid to Kalamazoo on schedule with the next instalment of \$500,000 payable on or before 30 June 2019
- Kalamazoo maintains a 2.5% Net Smelter Royalty on any base metals mined within the project area

Kalamazoo Resources Limited (ASX: "KZR") is pleased to advise that the sale of its Snake Well Gold Project to Adaman Resources Pty Ltd ("Adaman") for \$7.0 million is now complete.

"We would like to thank Adaman for completing the sale of the Snake Well Gold Project on time and with a minimum of fuss" Kalamazoo's Chairman, Mr Luke Reinehr, said today.

Mr Reinehr said Kalamazoo is now well placed to fund its exploration and drilling programs for the next two years at its Wattle Gully Gold Project and in the Pilbara. "The Company is also delighted to have kept an interest in the base metal rights at Snake Well and the opportunity to develop an on-going relationship with Adaman," Mr Reinehr said.

Adaman, a privately-owned mining solutions provider with drilling, logistics and corporate capabilities, is co-owned by two independent mining services companies, headed by Nathan Mitchell of Mitchell Services Limited (ASX: "MSV") and Mark Rowsthorn of the Rivet Group. Adaman in May 2018, purchased the Kirkalocka gold mine near Mt Magnet in the Mid-West.

1. Refer to ASX: KZR 14 November 2018 and 27 December 2018



As part of the transaction Kalamazoo can engage Mitchell Services Limited to provide up to \$4.0 million of drilling services at the Wattle Gully Gold Project on commercial arms' length terms with the value of any drilling services deducted from the final payment instalment/s due under the \$7.0 million sale. This enables Kalamazoo to further fast track its drilling program at Wattle Gully at its election.

All necessary governmental consents and approvals normal for a transaction of this type, including consent of the Minister under the Mining Act 1978 (WA) have now been received. With the sale of the Snake Well Gold Project now complete, Kalamazoo has paid to Atlas Iron Limited (ASX: AGO), the previous owner of the Snake Well Gold Project, the sum of \$625,000 in full satisfaction of an outstanding gold royalty across the project.

The Snake Well sale follows Kalamazoo's acquisition in June 2018 of the entire Wattle Gully Gold Project and the surrounding Castlemaine Goldfield in Victoria.

For further information, please contact:

Luke Reinehr, Chairman
Ph: +61 03 9988 9007
Mob: +61 413 866 611
Email: luke.reinehr@kzr.com.au

Forward Looking Statements

Statements regarding Kalamazoo's plans with respect to its mineral properties and programmes are forward-looking statements. There can be no assurance that Kalamazoo's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Kalamazoo will be able to confirm the presence of additional mineral resources/reserves, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of Kalamazoo's mineral properties. The performance of Kalamazoo may be influenced by a number of factors which are outside the control of the Company and its Directors, staff and contractors.